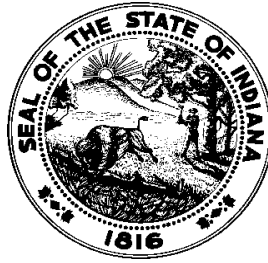


LOCAL GOVERNMENT TAX CONTROL BOARD



RECOMMENDATIONS
TO
DEPARTMENT OF LOCAL GOVERNMENT FINANCE
FROM
APRIL 22, 2004

Mr. Riehle called the April 22nd Local Government Tax Control Board meeting to order at 9:00am.

Attendance

The following Board Members attended the meeting: James Riehle, Richard Eckerle, Stan Mettler, Lisa Acobert and Bob Harris.

Discussion

Judy Robertson reported that there were no outstanding issues.

Recommendation

Richard motioned to recommend approval of the minutes from the March 25th meeting. Bob seconded and the motion carried 5-0.

Washington Township, Hendricks County General Obligation Bonds

The unit is requesting approval to issue general obligation bonds in an aggregate amount not to exceed \$4,665,000 for a term of twenty-one (21) years. Proceeds of the bonds will be used for two projects. The first project is to construct a new fire station for the Township, and to purchase firefighting vehicles and equipment. The second project is for various park improvements and additional lands and improvements for park and recreation purposes. The anticipated tax rate for the first project is .0130 based on a fire assessed value of \$1,618,270,120 and an annual levy of \$211,150. The anticipated tax rate for the second project is .0075 based on an assessed value of \$1,744,642,290 and an annual levy of \$131,300. Both of these projects are controlled projects. The Common Construction Wage meeting was held April 6th, 2004 and passed 4-0 with one member absent.

Taxpayer Objections:

The date of publication for a public hearing was March 04th, 2004. A public hearing was held March 16th, 2004. The Notice of Determination was published March 18th, 2004. The Auditor certified No Remonstrance on April 19th, 2004.

Attendance

The following people attended the hearing: Ronnie Austin (Trustee), Dan Smith (Fire Chief), Beth Harvey (Administration), Calvin Kuhn (Financial Advisor), Greg Steuerwald (Attorney), and Bruce Donaldson (Bond Counsel).

Discussion

They are here to seek approval to issue bonds in order to finish a project that was begun four years ago and to complete a parks project started six years ago. Their purpose in issuing bonds at this time is to save the taxpayers money by reducing the amount of interest to be paid and it will also reduce the number of times and amounts in future emergency borrowing requests.

Questions by the Board:

James: Are you growing rapidly?

Answer: Yes, so fast that they cannot keep up with the growth. They are experiencing the six largest population growth in the state.

Bob: Did you have a previous debt approval that you used to begin building the fire station?

Answer: Yes, back in 1998. They have come back because they need more money to complete the project. Since 1998, prices have continued to increase and they do not have enough money left from the first issue to complete the fire station.

Bob: Does this bond issue include vehicles that have previously been purchased?

Answer: Yes. The vehicles were obtained two to three years ago by the previous administration via a lease purchase agreement lasting ten years. The payments are coming from the fire fund and seriously draining their operating budget. They want to buy the vehicles outright so they do not need to make lease payments. By purchasing the four vehicles, they will save about \$220,000 in interest payments.

Bob: Was there any legal publications or meetings informing the public that you were going to lease the vehicles?

Answer: Not that they are aware of.

Bob: Has the State Board of Accounts completed your audit and do you feel that your cash balance is correct?

Answer: Yes and yes.

Bob: Did you say that this will cut back on the amount of emergency loans you will need to request?

Answer: Yes. They are working on just what they need right now, not on what they want.

Bob: Has there been any objections?

Answer: No.

Bob: Do you have a Rainy Day fund?

Answer: Yes, they just established it to deposit the special CAGIT distribution.

Bob: Your list of items for the fire station seems pretty high. For example \$2200 for a large screen TV, refrigerators, etc. Can you explain some of these costs?

Answer: They made the decision to purchase commercial grade appliances and items because they last longer. It will save them in the long run because they will not need to be replaced as often.

Lisa: It sounds like you might have an arbitrage issue?

Answer: No, they are trying to avoid that. Now is the opportune time to complete the projects because the interest rate is so low. In an eight-year time frame, they will save the taxpayers \$1.8 million in interest.

Lisa: In these times of hardship, does it seem fiscally responsible to buy things like a large screen TV?

Answer: (Silence) No, it doesn't. We can remove and cut back on some of the items. We put that in there because we wanted what other stations have.

Stan: What is the remaining time frame of the lease on the fire equipment?

Answer: Eight years.

Stan: How are you saving money going from eight years to a twenty-one year bond issue?

Answer: The life expectancy for the fire trucks in fifteen-twenty years. The twenty-one year bond issue is about the same time frame for the vehicles. They have also depleted the Cum. Fire fund making lease payments. They want to build that back up so that they can purchase the vehicles outright in future years instead of needing to go into debt.

Bob: Is this going to be one bond issue or two?

Answer: Two, the fire station bonds will probably be issued first.

Richard: Did I hear you say that you have made a \$1,000,000 turnaround in the budget?

Answer: Yes, since he took office a year ago, he has reduced the budget by \$1,000,000. They fund just what they need, not what they want.

Richard: Was there some excessive expenses maybe that should not have been made in previous years?

Answer: Yes, a lot of wants.

Recommendation

Stan Mettler motioned to recommend approval to issue General Obligation Bonds in the amount of \$4,665,000 for a term not to exceed twenty-one (21) years. Richard Eckerle seconded and the motion carried 4-0. Bob Harris abstained because he lives in Washington Township, Hendricks County.

Sugar Creek Township, Hancock County Emergency Fire Loan

The unit is requesting approval of an emergency fire loan in the amount of \$534,589. Proceeds of the loan will be used to fund fire operations through 2004 – including firefighters salaries, FICA, health insurance and pension payments. The anticipated tax rate is .1039 based on an assessed value of \$487,725,557 and an annual levy of \$506,952.

The unit shows a need, based on the following emergency loan calculation, of:

Based on 2003 Budget Amounts since 2004 is not certified yet

January 1, 2004 Cash Balance	Fire Fund	\$158,404
Plus: 2003 Certified Tax Levy		\$479,443
Plus: Estimated 2003 Revenues		<u>\$576,421</u>
Total Funds Available 2004		\$1,214,268
Less: Encumbered Appropriations		\$0
Less: Estimated 2004 Expenditures		<u>\$1,848,491</u>
Funds Remaining		(\$634,223)

Emergency Loan Requirement	<div style="border: 1px solid black; padding: 2px; display: inline-block;">\$634,223</div>
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Taxpayer Objections:

The date of publication for a public hearing was March 4th, 2004. A public hearing was held on March 16th 2004. The Notice of Determination was published March 18th, 2004. The Auditor certified no Remonstrance on April 19th, 2004.

Attendance

The following people attended the hearing: Brian C. Bosma (Attorney), C. O. Montgomery (Township Trustee), R. Ruhfus (Fire Chief), Mrya Wilkinson (Deputy Trustee), and Eric Reedy (Accountant).

Discussion

Sugar Creek first appeared before the Board in 2000. At that time, there were two or three remonstrances. One day, one of the organizers of the remonstrance had a family incident at his home. He experienced first-hand how long it took for emergency personnel to respond. After that, he and his fellow organizers became proponents in firefighting and emergency issues.

As their township has increased, and the fire station has gone from an all-volunteer department to partially pay, their volunteers have decreased from fifty-one to thirty-nine in the last year. They have not scheduled any new firefighters for this year. They are following a five-year plan and do have three scheduled for next year.

The unit distributed a handout that details the following:

- Single-family residential growth in township – almost 46%
- Breakdown of building permits into homes, apartment, businesses, etc
- Population has increased 8%
- 70% of emergency runs are medical responses; 21% are fire related
- The department provides mutual aid to five other local departments
- Staffed with 11 firefighter/EMT's and 8 firefighter/paramedics and has 39 volunteers
- They lost 13 volunteers because they could not meet training and run requirements
- Summary of 2001 Emergency Loan presentation
- Based on last year's emergency loan approval, they hired two career firefighters/paramedics and now meet the 24/7 ALS service throughout the township
- 2005 plans to hire three career firefighters in order to establish a "Kelly Day" system
- What the proceeds of the Emergency Loan will be used to fund
- Salary comparison to other stations, raises given, what firefighters are required to pay

This years' emergency loan request is only \$10,000 more than last year.

Questions by the Board:

James: What is your population?

Answer: About 13,000, an increase of 4,000 since the last census.

Eckerle: My concern, and I'm sure it's yours too, is that every year we have numerous fire departments coming in here wanting emergency loans. What is the long-range answer, since I have a state legislator here and I am going to question you, what is the answer to this? And it is getting worse every year. And you represent a lot of them right here around this hub.

Bosma: I know it.

Eckerle: And you always come in here with these township wars; this one is ready to hire, and they can hire, and the other townships are hiring and then they come back and the other one is ready to hire.

Bosma: Yep, yep.

Eckerle: I don't understand this. What is the answer? Every year the loans are getting higher. This loan is \$10,000 more than last year and some of them are a ____ of a lot more. What is the legislator going to do about this?

Bosma: It is a difficult situation, as you know. Every once in a while, I used to say every three to four years, but it has been a longer than that, the legislator will examine this issue and say "Ok, it is time to allow for emergency services" – and you have to realize we are talking about an important area here – it is different than a lot of areas. If someone doesn't pick up the garbage on time, that's a bad thing and we don't like it. If it didn't happen for a long time, it would be a terrible thing. If people don't get into the town office to get their utility bill paid on time because there is a shortage of personnel, it is a bad thing. But, when people dial 911 because a loved one is having a heart attack, and no one shows, that's a different story. That is why we have the safety valve of emergency loans in the legislation. The safety valve of the emergency loan is for public safety purposes. Legislation does set aside time every three to four years in order to catch up. It takes a while for levies to match the need determined by the local elected officials. That has not happened for a while now. I don't know, sir, if there is a clear answer as to what should happen. I think...some think this is not an important process, but I think this is an important process. Because local elected officials are making the decision, and they are the ones who ought to be making the decisions, as to what is necessary for emergency response in their little neck of the woods. That group, after making their decision, KNOW that they have to come before a group of knowledgeable folks... You are raising your eyebrows, but how long have you been in local government (to Eckerle)?

Eckerle: 40 years

Bosma: I didn't want to say thirty, because I knew it was longer. And, Mayor, how long have you been here? You have people here with very hands on personal experience on local and state budgets and ask the right questions – sometimes very hard questions. I've been here with this group that have asked questions that couldn't be answered. And then people have had to go back to the drawing board, and sometimes they come back asking for the same amount, sometimes less, and sometimes they do not come back. This process, I think, is a valid and workable one, but it is the group that sits back here to say, "Ok, lets sharpen our pencils. What can we do here, and what can we get by with and still meet the needs our elected officials say we need to provide?"

So, is there an answer? I don't know that there is one. Is this process a pretty good one, till someone comes up with a great answer? I think it is a valuable process. Local officials are making the decisions, they are being asked tough questions by a knowledgeable group. Taxpayers don't seem to pay much attention, other than the remonstrance I mentioned earlier, until someone dials 911 and someone didn't show up. Then they start asking, "Why is that"?

Eckerle: You get very emotional meetings when something like that happens. But what I am saying is that every year these loans are getting higher and higher and they have to repay the money with interest. One of these days, interest rates are not going to be as cheap as they are today. You have to pay interest on this money, so that makes it more money to pay. Plus the fact that there's no way this group is going to sit up here and deny, in my opinion, a needy project like you all need for public safety – fire, emergency medical runs, or whatever. I don't want to sit back on my conscience and deny you all the dollars you need. And I don't think you want that either. But I think the legislator, in their infinite wisdom, should correct this problem somehow, some way, instead of all these loans coming through.

Bosma: Yes, that's an oxymoron – state legislator and infinite wisdom. But, I don't disagree with you, sir. It's...the alternative is to say "Ok, we are going to remove all property tax controls and let this group decide what they want to do". And there are some special interests in the public safety arena. But, once in a while, the public says "no" to that.

Eckerle: You are going to have to get that growth factor in there somehow. You represent a lot of townships around Marion County and there is tremendous growth there. You need some way to get that growth factor installed there so that people can get what they need without having to come in here all the time.

Bosma: You know, that's not a bad idea. To have...it would take some analysis, but you could probably do an errant medical analysis of the increase in population, or the increase in a set value, and the need for increased emergency response and work a formula into the statute. That's not a bad idea.

Lisa: Have you received your 2004 assessed value yet? My concern is that your assessed value will decrease and so raise your tax rate. Our community lost \$1.55 million because of decreased assessed values.

Answer: No, but we do not expect a decrease because we are not a heavily commercialized area. We are a bedroom community for Marion County. We are projecting a 3% increase in assessed values.

Lisa: This debt issue will mean a tax rate increase. The laws were changed in the last year to limit the amount of tax increases and by approving this debt, we are creating the same situation again by increasing the tax rate.

Bob: (Looking at budget paperwork) How do you fund \$86,000 general budget with a \$500 levy?

Answer: CAGIT.

Bob: Where are you putting your shares – what funds?

Answer: Their shares are distributed:

General \$50,000, Poor Relief \$20,000, Fire \$373,204, and Parks & Rec \$27,500 and that is with all funds having a zero operating budget.

Bob: You have received an excessive levy of \$157,248 and you want an additional \$376,000 on top of that? You are getting a bump in your max levy in fire for this year and an emergency borrowing also – is that correct?

Answer: Yes, it is what we need to maintain our needs.

Bob: Do you have a Rainy Day Fund? What is its purpose?

Answer: Yes, it was established this year for the special CAGIT distribution. The purpose is very broad. It can be used for fire or any other township expense.

Recommendation

Richard motioned to recommend approval of an emergency fire loan in the amount of \$375,943 for one year. Stan seconded and the motion carried 4-1. Bob opposed the motion because he does not feel it is right to approve an emergency borrowing during the same year the unit receives an increase to their maximum levy through the appeal process.

Van Buren Township, Monroe County Emergency Fire Loan

The unit is requesting approval of an emergency fire loan in the amount of \$210,000. Proceeds of the loan will be used to fund insurance costs, utility rates, twelve full-time firefighters and operating costs to support two fire stations. The anticipated tax rate is estimated to be .0549 based on an assessed value of \$364,243,296 and an annual levy of \$200,000.

The unit shows a need based on the following emergency loan calculation of:

January 1, 2004 Cash Balance	Fire Fund	\$181,547
Plus: 2004 Certified Tax Levy		\$317,620
Plus: Estimated 2004 Revenues		\$167,000
Total Funds Available 2004		\$666,167
Less: Encumbered Appropriations		\$75,000
Less: Estimated 2004 Expenditures		\$840,000
Funds Remaining		(\$248,833)
Emergency Loan Requirement		\$248,833

Taxpayer Objections:

The Public Hearing Notice was published on February 04th, 2004. A public hearing was held February 23rd, 2004. The Notice of Determination was published February 25th, 2004. The Auditor certified No Remonstrance on April 5th, 2004.

Attendance

The following people attended the hearing: Gary Bruce (Trustee), Tim Deckard (Deputy Fire Chief), Robert S. Johnson (Fire Chief), and Paula Dean (Clerk).

Discussion

Last year they learned that the previous trustee was getting short-term loans in order to fund fire operations and then having to pay them back plus interest. In doing this, they have not been able to gain anything. They have lost two firefighters and retained ten.

Last year, they requested, and were approved, for an emergency borrowing loan to fund firefighting services in the amount of \$190,000. With that funding, they hired two firefighters and everyone was able to get physicals, which they had not been able to afford for five years.

One of their responsibilities is to provide mutual aid to the airport. One of the two stations sits right at the airport. If they do not receive approval for this loan, they will have to lay off two firefighters and close one of the stations.

The emergency loan they are requesting this time is not for any extras or to hire new firefighters, but to maintain the level they have been at for a year now. Their long-term goal is to request emergency loans until they can apply for an excessive levy appeal to increase their maximum levy.

Questions by the Board:

James: Is there a lot of growth in your township?

Answer: Yes, they have one of the largest industrial complexes in the state and two schools. There is a lot of residential, commercial, and industrial growth.

Bob: Is this the second year to request an emergency borrowing loan?

Answer: Yes and their plan is to come back next year and the year after for an excessive levy appeal. Both the Chief and the Deputy Chief does shift work in order to staff the two stations at the level needed for coverage.

Bob: Do you use your certified shares to fund fire operations?

Answer: No, they use COIT. ½ goes to the EMS services and ½ to fire services.

James: Do you charge patients when you respond to an emergency?

Answer: No, they feel that the tax dollars used to support them suffices as payment enough. Also, they do not transport patients, they only respond. You cannot charge if you do not transport.

Lisa: Have there been any remonstrance?

Answer: No, not one. We have held many public meetings and have spent a lot of time educating and informing people about the station and how we work. We have received a lot of support from the public for our plans.

Bob: Do you have a Rainy Day fund?

Answer: Yes, they established one this year for the special COIT distribution of about \$17,000.

Stan: How many stations do you operate?

Answer: Two, but both stations are not fully staffed at all times

James: Who does your dispatching?
Answer: The City/County 922 dispatcher.

James: What airport do you provide service to?
Answer: The County airport, which has an AB level certificate.

Recommendation

Stan motioned to recommend approval of an emergency fire loan in the amount of \$210,000 for a term not to exceed 1 year. Richard seconded and the motion carried 5-0.

Van Buren Township, Madison County Fire Apparatus, Building and Equipment Loan

The unit is requesting approval of a fire loan in the amount of \$190,000 for a term of five (5) years. Proceeds of the loan will be used to purchase a Tanker/Pumper fire truck to replace an older model that needs constant repairs. This vehicle will be an addition to their fleet and the older one will be kept as a back up. The anticipated tax rate is .0906 based on an assessed fire value of \$40,290,240 and an annual levy of \$36,500.

Taxpayer Objections:

The date of publication for a public hearing was February 25th, 2004. A public hearing was held March 10th, 2004. The Notice of Determination was published March 17th, 2004. The Auditor certified No Remonstrance on April 19th, 2004.

Attendance

The following people attended the hearing: Harvey L. Stitt (Trustee), Dwain Laird (Consultant).

Discussion

They are wanting to buy a new pumper/tanker truck to replace a 1966 tanker truck. Two years ago the City and the Township owned the fire department jointly on a 50/50 basis. Then the City would not share in the expenses needed to maintain or buy new equipment. The Township decided to buy the City out so that they could maintain the fire department in the way it needed to be maintained. They have now completely bought out the City's part of the equipment and have a contract with the City for fire services.

The truck they want to replace is a 1966 model that they can no longer get part for when it breaks down. They have taken bids and are in the process of awarding the project. All of the bids came in between \$187,000 and \$199,000. The final cost will be around \$190,000.

Their area of coverage is Van Buren and Boone Townships and the City of Summittville. It is approximately 65 square miles, mostly rural.

Questions by the Board:

James: Do you provide transportation to the hospital? And do you charge a fee?

Answer: Yes, and no fee is charged if the run is to a home. If they respond to an accident on the highway, then they will charge the insurance for the run.

Stan: Where are the trucks housed?

Answer: In Summittville in the back of the Town Hall.

Dwaine: Boone Township may decide to chip in some money for the truck because they have a pretty good Cum. Fire balance.

Richard: How big is Summittville?

Answer: About 11,000 people.

Recommendation

Bob motioned to recommend approval of a fire loan in the amount of \$190,000 for a term not to exceed five (5) years. Stan seconded and the motion carried 5-0.

Jefferson County Building Corporation, Jefferson County Lease (First Mortgage Bonds)

The unit is requesting approval to enter into a lease with maximum annual lease payments of \$950,000 for a term of eleven (11) years. The lease will be used to construct a new 18,791 square foot addition to the existing jail and to renovate 6,624 square feet of the existing building. The unit expects to fund the lease payments using EDIT and Cumulative Jail Fund revenues and is asking for a property tax backup only. If expected revenues are insufficient and a tax rate is needed, the anticipated tax rate is estimated to be .0930 based on an assessed value of \$940,000,000 and an annual levy of \$874,000. The Common Construction Wage meeting was held on April 19th, 2004 and passed with a 4-0 vote with one member absent. This is an uncontrolled project because the unit is seeking a property tax backup only.

Taxpayer Objections:

Public hearings were held on February 11th, February 18th, March 4th, March 17th, and March 18th, 2004. This project will be subject to Petition and Remonstrance when the Notice to Execute Lease is published, currently scheduled for May 21st, 2004.

Attendance

The following people attended the hearing: Julie Berry (County Commissioner), Will Goering (Attorney), Lisa Lee (Bond Counsel with Ice Miller), Brian Colton (Financial Advisor with H. J. Umbaugh & Assoc.), Bill Andrews (Sheriff), and Gary Fisher (RQAW Architectural Firm).

Discussion

They are trying to build a new jail. The last major renovation was in 1974. They are going to double their bed space. They are dealing with Federal lawsuits and the AFL. They could only get one quote for liability insurance because of the condition of the jail. They started this project

three years ago, and during that time they completed an eighteen-month feasibility study. One year ago they did not have any income taxes, and now they have three.

Questions by the Board:

James: What is your population?

Answer: 32,000.

Richard: How many beds do you have now?

Answer: There are 50 in the jail and we are going to have 92.

Richard: Is the \$292 cost per square foot just for the building or does it include other things as well?

Answer: That is for everything. The actual construction cost is \$200 per square foot.

James: Will you need to acquire land?

Answer: No, they are building on land they already own.

The Sheriff then spoke: There are currently filed seven federal lawsuits. Some of the areas we are out of compliance on are:

Food Handling – does not meet the State Board of Health standards

Cell Blocks – several of the doors will not open, some will not lock and they cannot be repaired

Laundry Room – is in a sally port in the garage where security can not be maintained

Conference Rooms – they have none for attorney-client purposes

Equipment – the lighting and airflow is inadequate

There are no rooms for outside services – Church service is held in the drunk tank

And there are more...

James: How old is the building?

Answer: It was built in the 1800's – it is on the National List of Historical Places.

Bob: How much EDIT do you receive a year?

Answer: They do not know, they have not received any yet because they just established the tax. They are projecting \$820,000 as the County's share. They are also receiving 20% each from the City of Madison and the City of Hanover for the project. Both cities have pledged monies to support the construction of the jail.

Bob: Is the EDIT money pledged solely to the jail project?

Answer: Yes.

Bob: Have there been any objections?

Answer: A few – you always have somebody that doesn't like what you are doing. There has not been any remonstrance. The Farm Bureau has fallen in behind us and took a strong vocal stance in support of us adopting the COIT.

Stan: Will you need to hire additional staff?

Answer: Yes, between three and four more. Three will be in administration and one cook.

James: Do you have a Juvenile Detention Center?

Answer: No, nor do we plan on having one. All juveniles are transported to Jackson County.

Recommendation

Stan motioned to recommend approval of a lease with maximum annual payments of \$950,000 for a term not to exceed fifteen (15) years. Richard seconded and the motion carried 5-0.
